

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 6860

Petitions of Vermont Electric Power Company, Inc. and Green Mountain Power Corporation for a Certificate of Public Good authorizing VELCO to construct the so-called Northwest Vermont Reliability Project, said project to include: (1) upgrades at 12 existing VELCO and GMP substations located in Charlotte, Essex, Hartford, New Haven, North Ferrisburg, Poultney, Shelburne, South Burlington, Vergennes, West Rutland, Williamstown, and Williston, Vermont; (2) the construction of a new 345 kV transmission line from West Rutland to New Haven; (3) the construction of a 115 kV transmission line to replace a 34.5 kV and 46 kV transmission line from New Haven to South Burlington; and (4) the reconductoring of a 115 kV transmission line from Williamstown, to Barre, Vermont

DEPARTMENT'S REPLY REGARDING THE TESTIMONY OF ROBERT BLOHM

The Department responds to the "post-hearing brief" of New Haven regarding the testimony of Robert Blohm, submitted on or about December 17, 2004. Definitions in this document shall have the same meaning as in Section II of the Department's proposal for decision submitted in this docket on November 24, 2004.

The Board should not make any of the requested findings or conclusions in New Haven's brief. The briefs of VELCO, the ISO-NE, and DPS filed on December 17, 2004 already demonstrate substantial flaws that undermine Mr. Blohm's testimony. DPS will not reiterate all of the arguments made previously but rather address a few points.

First, New Haven's use of a highway analogy to discuss transmission issues illustrates the limited value of relying on an economist to opine on transmission reliability. Unlike automobiles on a highway, electric power on an alternating current network cannot be driven or directed to a particular destination. One cannot produce power at a generation station and then direct the power to a particular load or power purchaser. Instead, power injected onto the transmission system flows according to the laws of physics, not the principles of economics or rules of government. If a transmission line is operational and functioning within its engineered limits, power will flow to the connected load. These are basic facts about electricity that are within the specialized knowledge of the Board and its staff, and the Board may use them to evaluate the evidence. 3 V.S.A. § 810(4).

Second, New Haven's contention that Mr. Blohm's testimony stands "unrebutted" ignores contrary record evidence such as that of ISO-NE witness Stephen Whitley, and that the testimony itself is not persuasive, for many reasons that are illustrated in the briefs filed on December 17, 2004.¹

Moreover, New Haven's associated claim that DPS had "three months" to research and rebut Mr. Blohm's testimony is not supported by the procedural history of this docket. DPS received Mr. Blohm's testimony on September 7, 2004, during the surrebuttal phase. The schedule then in effect contemplated no opportunity to rebut surrebuttal testimony. The Board struck much of Mr. Blohm's testimony on October 8, 2004. DPS thereafter appropriately focused its resources on matters that were still at issue, not testimony which had been struck. On November 24, 2004, in the middle of briefing, the Board determined to reverse course, admit the previously stricken testimony and provide a hearing and response opportunity preceded by only a few business days' notice. The Department's letter to the Board of November 30, 2004 (which is incorporated by reference) details the Department's respectful disagreement with this procedure; the facts and issues discussed therein also refute New Haven's implicit claim that sufficient time was provided to address Mr. Blohm's testimony.²

¹Under the logic of its own arguments, CLF should be added to the list of those who doubt the credibility of Mr. Blohm's testimony because CLF: (a) in its initial brief sought only two findings actually based on that lengthy testimony, (b) filed no supplemental brief on his testimony, and (c) did not even mention Mr. Blohm in its reply brief. In this regard, CLF contends in its reply that Dr. Lesser's testimony is somehow admitted by VELCO and the Department not to be credible because VELCO did not propose any findings based on that testimony and the Department proposes that the Board find based on the testimony of a witness called by CLF that Dr. Lesser's analysis method can be used as a sensitivity analysis. CLF's Reply Brief at 12; 6/15/04 tr. at 78 (McIntyre) (vol. 2). DPS disputes that the inferences suggested by CLF regarding Dr. Lesser's testimony are appropriate. However, in the alternative, if this type of inference is to be drawn, DPS contends that it should be drawn with respect to CLF and Mr. Blohm's testimony.

²New Haven's related assertion, regarding the Department's being able to review answers "to over 400 detailed discovery questions," uses an illuminating word choice. The *questions* certainly were detailed, but New Haven's statement avoids addressing whether the answers provided the requested detail. The Board reasonably could draw the inference that New Haven

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Third, New Haven's grouping of Messrs. Chernick and Blohm raises the question of whether either witness is credible when it comes to reliability issues. Mr. Chernick himself has scant qualifications on those issues. 2/20/04 tr. at 16-18 (Chernick) (vol. 1). If, as the Department has previously argued, Mr. Blohm's expertise on reliability issues is limited, then his testimony does not serve New Haven's apparent goal of shoring up Mr. Chernick's testimony.

In addition, New Haven's grouping of the two witnesses raises the question of what, if any, reliability standards those who question the need for the NRP would have the Board apply. Mr. Chernick's own testimony is not clear on this point. On the one hand, he claims that he is not arguing that the NPCC and NEPOOL reliability criteria should not be met in this case or saying that the Board should reject the judgment of the ISO-NE, NEPOOL, VELCO engineering staff or DPS engineering staff and consultants. 2/20/04 tr. at 15-16 (Chernick) (vol. 2). On the other hand, he seems to assert that the Board should apply probabilistic techniques on some sort of case-by-case basis without a clear decision rule or set of criteria. 2/20/04 tr. at 13-14 (Chernick) (vol. 2). Mr. Blohm's testimony also is not crystal clear on this point: Though he is not presented as an expert on NPCC, NEPOOL or ISO-NE reliability criteria, he nonetheless appears to claim that those criteria are flawed. 10/20/04 tr. at 30-1, 33 (Blohm) (vol. 2); Blohm, surreb. at 25. He further appears to suggest that the Board instead should use the default NERC N-1 standard, although his prefiled testimony does not seem actually to come out and say so or acknowledge that under NERC's own standards the regional criteria, not the default, will apply. See, e.g., Blohm, surreb. at 9; NERC Planning Standards at 4-5, VELCO Cross Blohm Surr-32.

CONCLUSION

The Board should reject the findings and conclusions proposed in New Haven's brief of December 17, 2004 regarding the testimony of Robert Blohm. The Board should apply the NPCC

²(...continued)
knows the answers did not. Separately, DPS believes that the total number of questions from VELCO and DPS was less than 400, and notes that New Haven initially responded to large numbers of DPS questions by referring to Mr. Blohm's answers to VELCO generally without providing the specific answers alleged to be responsive to DPS questions.

and NEPOOL standards in this case. The Board should issue a CPG for the NRP as requested by the Department in its proposal for decision and reply brief.

Dated at Montpelier, Vermont this 23rd day of December, 2004.

Respectfully submitted,

VERMONT DEPARTMENT OF PUBLIC SERVICE

By: _____
Aaron Adler, Special Counsel
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cc: service list